



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

October 10, 2008

John Oakes
Vice President of Human Resources
Advanced Bionics Corporation
Mann Biomedical Park
25129 Rye Canyon Loop
Valencia, CA 91355

Dear Mr. Oakes:

RE: FINAL MONITORING REPORT for Advanced Bionics Corp. – ET06-0256

Date of Visit	08/26/08
Time of Visit	10:30 a.m. to 2:45 p.m.
Location of Visit	Valencia
Persons in Attendance	Lorraine Munoz, Senior Manager, Learning & Development, Advanced Bionics Davy Marcelo, Training Coordinator, Advanced Bionics William H. Sacks, VP Operations, National Training Company Naomi Weingart, ETP Contract Analyst
Date of Last Visit	12/05/07
Action Required	No

CONTRACT INFORMATION

Term of Agreement	04/05/06 – 04/04/08	Agreement Amount	\$1,014,000
Type of Trainee	Retrainee	Number to Retain	540
Date Training Began	04/07/06	Range of Hours	24 - 180
Date Training Must Be Completed	01/05/08	Weighted Average Hours	144 - 156

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1100 J Street, 4th Floor
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5353 Mission Center Road, Suite 110
SAN DIEGO, CA 92108
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TRAINING STATUS

Project Statistics Provided by the Contractor

Trainees Started Training	888	Completed Training	482
Trainees Enrolled	826	Completed Retention	482
Dropped Following Enrollment	339	In Retention Period	482
Compl Min Reimbursable Hours	487		

Your data matches the August 21, 2008 ETP Contract Status Report.

Training began April 7, 2006 and ended December 21, 2007. One Modification was processed in November 2006 to change the name and address of the Agreement contact person and signatory. Approximately 50% of your class/lab hours were given in Continuous Improvement skills, with about 18% to 20% each in Manufacturing and Business Skills, and the remaining 12% in Computer Skills.

The Final Fiscal Contract Closeout was completed in June 2008 and shows that your company received \$286,526 in ETP funding, which is 28% of the contract amount. Mr. Sacks indicated that most of the 339 drops were for trainees that did not reach the 24-hour class/lab minimum due to internal time constraints. Staff was reminded that expenditures for administrative duties cannot exceed 13% of payment earned, so the cap for your contract is \$37,248.

Ms. Munoz stated that employees participating in this contract received solid skills training on new equipment, and that the company's measurable, internal knowledge base increased significantly. The company has been growing, and overall performance has notably improved.

At the same time, staff encountered several problems throughout the contract term which resulted in low performance. At the outset, and the scope of the plan was overly optimistic, there was no formal training department, no designated training facilities, few developed courses, and a lack of solid planning and organization. Current staff took over about midway through the program, but was diverted by planning for several outside audits; and finally, training was also sidetracked by preparations for a company split and reorganization that took place in January 2008.

Internal recordkeeping was an ongoing issue as several different rosters were in use, including the standard ETP form, until a final version was ultimately approved by internal company authorities. Data collection and entry into the ETP online Class/Lab Tracking system was usually behind and not consistent done until the end of the contract, making it somewhat difficult for the Monitor to track program status at any given time. However, once issues were resolved, your staff felt that the procedures for documenting and recording training hours worked well, and assistance from ETP was adequate. Staff suggested that ETP might create an upload form for drops.

ATTENDANCE ROSTERS/INVOICES

The majority of your P2 payments for the completion of training were submitted on Invoice #6 in June 2008, with a few remaining names on Invoice #8 in July. Accordingly, the Monitor review complete class/lab records for 19 trainees, and partial records for 10 trainees from these two invoices. All rosters were for class/lab training; no CBT was delivered.

Attendance Rosters (continued):

Of the group of 19 trainees, only five were initially found to meet all ETP requirements: the Training Plan was followed; the curriculum was provided as specified in Exhibit B, the 1:20 trainer to trainee ratio was met; and the online data corresponded to the rosters. Your administrative subcontractor, Mr. Sacks, later submitted some missing rosters and completed records for three more individuals for a total of eight.

For the 11 remaining trainees, several rosters did conform to all ETP recordkeeping requirements, but several did not. Some of these issues were cited on previous monitoring reports, including non-conforming roster formats, which was addressed in previous reports. The most significant problems were: (1) missing rosters; (2) no deduction in hours for lunch periods; (3) roster hours that did not match online data entry (including over and under reporting hours); and (4) ineligible class titles.

On the subject of ineligible class titles, many of the rosters had three sets of data: (1) company class names; (2) ETP class names; and (3) subcontractor class names and numbers. The Monitor noted that several of your internal class titles were either not on the ETP curriculum or were not subjects that ETP would fund; nonetheless, these classes were assigned an ETP class name from the approved curriculum in Exhibit B and entered online.

As the contractor, you are responsible for the completion and maintenance of all original rosters. For future reference, project administrative staff should review all rosters to verify that they are complete, that course titles match the approved ETP curriculum, that lunch time and/or working lunches are noted, and that total hours are accurate prior to data entry. All rosters should be kept in chronological order for easy reference and monitoring.

The following table summarizes the record review for the 11 trainees mentioned above:

Trainee	Date & ETP Type of Training	Class Hours/Title	Issue <u>Missing Original Roster</u> + Other Issues	Hours Recorded Online	Disallowance Calculation (Hours x Trainees Reimbursed)	Total Amount Disallowed @ \$13/hour	Total Hours Remaining per Trainee
Crookshanks (1)	06/15/06 CI	8:30 to 2:30 Know the Law	<u>Missing Roster</u> Not ETP No lunch	6 hours	6 hours x 11 = 66	\$858	41
	10/05/06 Business	(see Engelking)					
Engelking (2)	10/05/06 Business	8:30 to 4:30	Data Entry	7 hour class entered 8 hours online	1 hour x 16 =	\$208	160.75
(3)	10/25/06 CI	8:00 to 5:00	Data Entry	8 hour class entered 9 hours online	1 hour x 10	\$130	
	11/10/06 CI	8:00 to 3:00	No lunch	7 hours	.5 hour x 6	\$39	
	12/14/06 CI	9:00 to 4:00 Know the Law	<u>Missing Roster</u> Not ETP No lunch	7 hours	7 hours x 11	\$1,001	
(4)	12/18/06 CI	Compensation	<u>Missing Roster</u> Not ETP	2 hours	2 hours x 5	\$130	
Gardner	03/13/07 CI	Code of Conduct	<u>Missing Roster</u> Not ETP	.5 hours	.5 hour x 7	\$45.50	57.5
Grambow	06/26/06 CI	Welcome	<u>Missing Roster</u> Not ETP	2 hours	2 hours x 6	\$156	92
	08/22/06	Continuous Improvement	<u>Missing Roster</u>	3 hours	3 hours x 12	\$468	

	09/13/06 CI	10:00 to 4:00 Know the Law	<u>Missing Roster</u> Not ETP No Lunch	6 hours	6 hours x 7	\$546	
	03/13/07 CI	(see Gardner)					
Lotz (5)	06/07/06 CI	8:30 to 2:30 Know the Law	<u>Missing Roster</u> Not ETP No Lunch	6 hours	6 hours x 14	\$1,092	19 – not eligible
Pinon	12/14/06 CI	(see Engelking)					19.5 – not eligible
	04/27/07 CI	Operating Procedures	<u>Missing Roster</u>	1.5 hours	1.5 hours x 4	\$78	
Pyburn	06/22/06 CI	Know the Law	<u>Missing Roster</u> Not ETP	5 hours	5 hours x 6	\$390	42.5
	12/14/06 CI	(see Engelking)					
	05/22/07 Computer	9:00 to 4:00	No Lunch	8 hours	.5 hour x 9	\$58.50	
Ross (6)	10/16/06 CI	NHO Corp. Integrity Training	<u>Missing Roster</u> Not ETP	1 hour	1 hour x 4	\$52	23 – not eligible
	04/27/07 CI		<u>Missing Roster</u>	2 hours	2 hours x 16	\$416	
Shelton	08/07/07 CI		<u>Missing Roster</u>	8 hours	8 hours x 12	\$1,248	17 – not eligible
Spachuk	05/17/07 Computer	9:00 to 4:00	No Lunch	7 hours	.5 hour x 3	\$19.50	29.5
Wiggins	04/17/06 CI		<u>Missing Roster</u>	2 hours	2 hours x 10	\$260	29.5

	05/24/06 CI	8:30 to 4:00 Know the Law & Harassment Prevention	<u>Missing Roster</u> Not ETP No lunch	7.5 hours	7.5 hours x 12	\$1,170	
	08/02/06 Business	9:00 to 5:00 Focus Achieving Your Highest Priorities	<u>Not ETP</u> No Lunch	8 hours	8 hours x 13	\$1,352	
Total						\$9,600.50*	78.5 hours x \$13/hour = \$1,020.50**

*This total represents the sampled trainees and approximately 133 additional trainees*** on the same rosters that were reimbursed by ETP. No deductions were made for lunch hours in question.

**Four of the sampled trainees fell below 24 hours and were not eligible for any reimbursement: 78.5 hours x \$13/hour or \$1,020.50.

***Total hours and reimbursement for each of these 133 trainees were not recalculated at this time, but may be affected at a later date.

Footnotes:

- (1) Mendoza, Angel: Not on the roster but given 6 hours credit (-6 hours)
- (2) Bambino: Signed roster, but not given credit (+7 hours)
- (3) Reiser: Signed roster, but not given credit (+8 hours)
- (4) Pianca, Ann; Signed roster, but not given credit (+2 hours)
- (5) Cristerna, Gibson, Mendoza, L., Munguia, and Tipson : Not on the roster, but given 6 hours credit (assume missing roster page)
- (6) Ortega & Mansera: Signed roster, but not given credit (2 x 1 hour or +2 hours)

*Total of 13 additional hours approved for payment x \$13/hour = \$169

Attendance Rosters (continued):

Class/Lab Hours

In discussion with your staff, the Monitor understood that some classes involved working lunches, time that was not deducted from total class hours. However, in the future, working lunches should be noted on the rosters to make records clearer.

Class/Lab Content

ETP funds training that is directly related to trainees' job skills. ETP does not fund:

- Company-specific orientation designed to orient employees to the policies or philosophy of the employer. This includes developing company mission statements and values.
- Continuing education courses needed to maintain a license or periodic education required by regulatory agencies.
- Other courses including: labor laws and legal issues; labor/management relations; sexual harassment; stress management; violence in the workplace; self-improvement courses (creativity, building self image); employee relations; hiring, firing, and discipline; testing, examination, and evaluation courses; and keyboarding.
- General industrial safety.

Your training staff submitted course descriptions for the following classes; however, according to ETP guidelines, none of these courses met ETP curriculum requirements:

- Know the Law and Know the Law (w/o HP) and (H.P. + L.R.):
- Compensation 101
- CIT - Code of Conduct
- Welcome NHO CIT
- NHO Corp. Integrity Training
- Know the Law & Harassment Prevention; and
- Focus: Achieving Your Highest Priorities

Conclusion

Based on these findings and the high percentage of errors found, the Monitoring Analyst is recommending a disallowance of \$9,600.50 + \$1,020.50 less \$169.00, or a total of \$10,452. ETP will closeout the Agreement with this disallowance for the training records covered in this report.

AUDIT

Advanced Bionics will be notified in writing if this Agreement is selected for a field audit (conducted at your worksite) or a desk audit (conducted by telephone). Audit Notification and Confirmation letters will be sent in advance to allow ample preparation time, and will include a list of documentation that the auditor may examine. Original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

Audit (continued):

- Training attendance records such as rosters and sign-in sheets;
- Payroll records of individual trainees to verify wages and hours worked;
- Personnel records regarding occupations and dates of employment;
- Documentation of employer paid health benefits (if applicable); and
- Cash receipts to verify receipt and accounting of ETP funds.

RECORD RETENTION

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

Please contact your Monitoring Analyst within ten working days at (818) 755-3633 or nweingart@etp.ca.gov if you have any questions or comments.

Sincerely,

Signature on File

Dolores Kendrick, Manager
Los Angeles Regional Office

Signature on File

Naomi Weingart, Contract Analyst
Los Angeles Regional Office

Cc: Lorraine Munoz, Sr. Mgr., Learning & Development, Advanced Bionics (email)
William H. Sacks, VP Operations, National Training Company (email)
David Guzman, Chief, ETP Program Operations Division (email)
Kulbir Mayall, ETP Fiscal and Certification Manager (email)
Charles Rufo, ETP Audit Manager (email)
ETP Master File
ETP Project File

Date report mailed to Contractor 10/10/08